

ST. LAWRENCE COUNTY
INDUSTRIAL DEVELOPMENT AGENCY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
TABLE OF CONTENTS
DECEMBER 31, 2014 AND 2013

	<u>Page(s)</u>
Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 6
Statements of Net Assets	7
Statements of Activities	8
Balance Sheets - Governmental Funds	9
Statements of Revenues, Expenditures and Changes In Fund Equity – Governmental Funds	10
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	11
Reconciliation of the Governmental Funds Statement of Revenue, Expenditures and Changes in Fund Balances with the Agency-Wide Statement of Activities	12
Statements of Fiduciary Net Assets – Fiduciary Funds	13
Notes to Financial Statements	14 - 28
Supplemental Schedules – by Project	29 - 38
Schedules of Operating Expenses	39
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	40 - 41
Auditor's Required Communications	42 – 44



Pinto·Mucenski·Hooper
Van House & Co.
Certified Public Accountants, P.C.

301 Ford Street
P.O. Box 327
Ogdensburg, NY 13669
(315) 393-7502
Fax: (315) 393-9231
www.pmhvcpa.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
St. Lawrence County Industrial Development Agency

We have audited the accompanying financial statements of the governmental activities of the St. Lawrence County Industrial Development Agency (Agency) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriate accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Agency as of December 31, 2014 and 2013, and the respective changes in financial position, and where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the St. Lawrence County Industrial Development Agency's basic financial statements. The supplemental schedules on pages 29 through 39 are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.


Piotr Mucinski Hooper Van House & Co.

Certified Public Accountants, P.C.

Ogdensburg, New York

March 6, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the St. Lawrence County Industrial Development Agency's financial performance provides an overview of the Agency's financial activities for the fiscal year ended December 31, 2014. Please read it in conjunction with the Agency's financial statements.

HIGHLIGHTS

Financial Highlights

- Total Assets were increased by \$855,118 largely due to the completion of the Canton Industrial Building and the development of the Canton Industrial Park.
- Total Liabilities increased by \$1,524,138, mainly due to the execution of financing for the Canton Industrial Building.

Agency Highlights

- February 2014. The Agency conducted annual reviews of its policies on Procurement, Investment, and Disposition of Real Property Guidelines. The Agency also established a policy regarding the recapture of project benefits.
- March 2014. The Agency accepted its 2013 Annual Audit, and appointed Patrick J. Kelly as the Chief Executive Officer for a term of five years. Kinney Drugs, Inc. completed the final payment on the lease purchase of the First Gouverneur Industrial Building. The asset will now be transferred to the company.
- May 2014. The Agency authorized additional financial assistance to St. Lawrence Gas Company, Inc. and formally accepted an application from Defelsko Corporation. The Agency also authorized modifications to its 2014 budget.
- June 2014. The Agency authorized the financial assistance to Defelsko Corporation for the Company's expansion project. The Agency formally accepted an application from Corning Inc. for its expansion project in Canton, and established a construction budget for the Canton Industrial Park expansion.
- August 2014. The Agency passed a resolution accepting an application from Maxam North America, Inc.
- September 2014. The Agency authorized financial assistance to Maxam North America, Inc. and also approved its 2015 tentative budget.
- October 2014. The Agency approved its 2015 budget.
- December 2014. The Agency conducted a review of its Investment Policy, and passed a resolution amending the lease for St. Lawrence Brewing Company, Inc.

USING THIS ANNUAL REPORT

This annual report consists of three parts: Management's Discussion and Analysis, Financial Statements, and Required Supplementary Information. The Financial Statements also include notes that explain in more detail some of the information in the financial statements.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Agency's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The *statement of activities* presents information showing how the Agency's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused compensated absences).

The government-wide financial statements outline functions of the Agency that are principally supported by intergovernmental revenues (*governmental activities*). The governmental activities of the Agency include the capitalization of industrial development in St. Lawrence County.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Agency can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the Agency's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Agency's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Agency. Fiduciary funds are *not* reflected in the government-wide financial statements

because the resources of those funds are *not* available to support the agency's own programs. The accrual basis of accounting is used for fiduciary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government agency's financial position. In the case of the Agency, assets exceeded liabilities by \$6,440,571 as of December 31, 2014.

The Agency's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following tables present a summary of the Agency's derivation of net position for the fiscal year ended December 31, 2014.

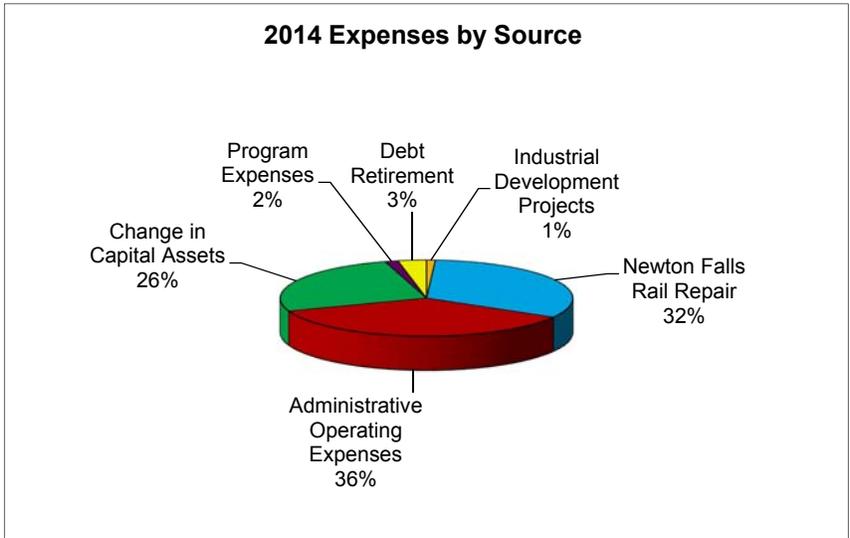
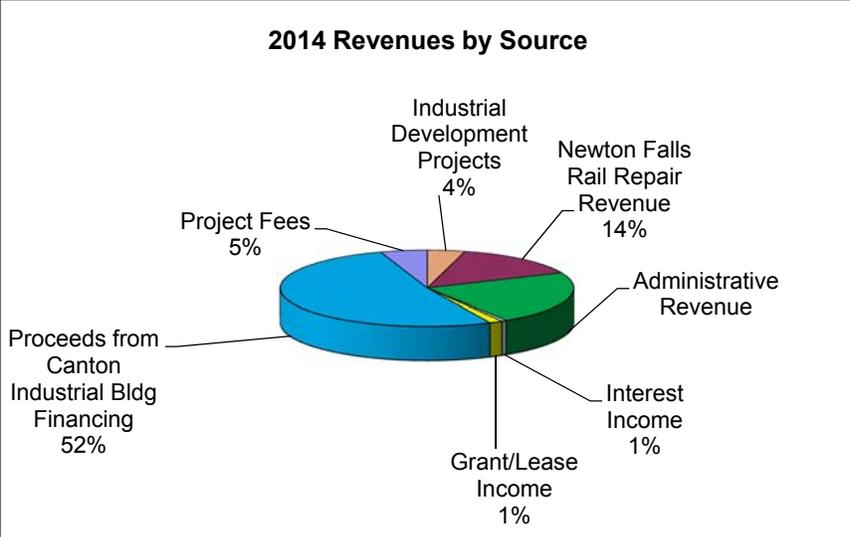
Table 1

2014		2013	
Total Current Assets	\$4,360,557	Total Current Assets	\$3,696,450
Total Fixed Assets (Net)	4,414,145	Total Fixed Assets (Net)	4,191,178
Total Other Assets	51,239	Total Other Assets	83,195
Total Assets	<u>\$8,825,941</u>	Total Assets	<u>\$7,970,823</u>
Total Liabilities	2,385,370	Total Liabilities	861,232
Total Net Assets	6,440,571	Total Net Assets	7,109,591
Total Liabilities & Net Position	<u>\$8,825,941</u>	Total Liabilities & Net Position	<u>\$7,970,823</u>

Changes in the Agency's Net Position can be determined by reviewing the following condensed Statement of Activities at the end of the year.

Table 2

2014		2013	
Total Industrial Development Project (IDP) Revenue	\$525,853	Total Industrial Development Project (IDP) Revenue	\$96,871
Total ID Projects	813,406	Total ID Projects	504,759
Support Services	<u>938,899</u>	Support Services	<u>881,175</u>
Total SLCIDA Expenses	<u>(1,752,305)</u>	Total SLCIDA Expenses	<u>(1,385,934)</u>
Total SLCIDA Activities	(1,226,452)	Total SLCIDA Activities	(1,289,063)
Total General Revenues	<u>557,432</u>	Total General Revenues	<u>1,177,562</u>
Change in Net Position	(669,020)	Change in Net Position	(111,501)
Net Position – Beginning of Year	<u>7,109,591</u>	Net Position – Beginning of Year	<u>7,221,092</u>
Net Position – End of Year	<u>\$6,440,571</u>	Net Position – End of Year	<u>\$7,109,591</u>



CASH AND INVESTMENT POLICY

The St. Lawrence County Industrial Development Agency finds it necessary to place funds in various deposit accounts or certificates of deposit. Article 18A, Section 858(14) of the State General Municipal Law authorizes the Agency to designate depositories. In accordance with this Article, five (5) banks are designated as depositories for Agency funds. Rates are competitively procured for each deposit, with no more than 60% of its total investments in any one institution.

CONTACTING THE AGENCY’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers and creditors with a general overview of the Agency’s finances and to demonstrate the Agency’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Agency’s Chief Executive Officer at 19 Commerce Lane, Suite 1, Canton, New York 13617.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF NET POSITION
DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 2,140,947	\$ 1,556,270
Cash - Interest Bearing (Special Reserve)	2,000,000	2,000,000
Accounts Receivable	89,859	6,708
Accrued Interest Receivable	937	568
Leases Receivable - Current	19,060	17,998
Mortgages Receivable - Current	19,559	22,490
Prepaid Expenses	90,195	92,416
	<hr/>	<hr/>
Total Current Assets	4,360,557	3,696,450
<u>Fixed Assets</u>		
Land	166,250	166,250
Land Improvements	115,103	125,603
Buildings and Improvements	4,079,499	4,471,269
Automotive Equipment	39,578	39,578
Office Equipment and Furnishings	27,096	27,096
Construction in Process - Canton Industrial Park	550,974	8,400
	<hr/>	<hr/>
	4,978,500	4,838,196
Less: Accumulated Depreciation	(564,355)	(647,018)
	<hr/>	<hr/>
Total Fixed Assets (Net)	4,414,145	4,191,178
<u>Other Assets</u>		
Leases Receivable - Long Term	44,313	56,721
Mortgages Receivable - Long Term	6,926	26,474
	<hr/>	<hr/>
Total Other Assets	51,239	83,195
	<hr/>	<hr/>
Total Assets	8,825,941	7,970,823
<u>LIABILITIES</u>		
<u>Current Liabilities:</u>		
Rental and Refundable Deposits	5,692	5,692
Accrued Expenses - Other	55,761	4,567
Long Term Debt - Current Portion	122,023	66,313
	<hr/>	<hr/>
Total Current Liabilities	183,476	76,572
<u>Long-Term Liabilities:</u>		
Compensated Absences	205,803	188,532
Postemployment Benefits Other Than Pensions	458,715	336,729
Long Term Debt - Less Current Portion	1,537,376	259,399
	<hr/>	<hr/>
Total Long-Term Liabilities	2,201,894	784,660
	<hr/>	<hr/>
Total Liabilities	2,385,370	861,232
<u>NET POSITION</u>		
Net Investment in Capital Assets	2,754,746	3,865,466
Unrestricted - Assigned	2,000,000	2,000,000
Unrestricted - Unassigned	1,685,825	1,244,125
	<hr/>	<hr/>
Total Net Position	6,440,571	7,109,591
	<hr/>	<hr/>
Total Liabilities and Net Position	\$ 8,825,941	\$ 7,970,823
	<hr/>	<hr/>

ST LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014						2013					
	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenditures	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Government Activities	\$	Expenditures	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Government Activities	\$
Governmental Activities												
Industrial Development Projects												
Gouverneur Industrial Park	949	-	-	-	(949)	2,616	-	-	-	-	(2,616)	
First Gouverneur Building	2,467	-	-	-	(2,467)	9,869	11,317	-	-	-	1,448	
Third Massena Shell Building	-	-	-	-	-	9,849	-	-	-	-	(9,849)	
Massena - Lot 17	18,613	22,800	-	-	4,187	10,200	6,238	-	-	-	(3,962)	
Massena - Lot 20	19,082	35,917	-	-	16,835	19,849	48,550	-	-	-	28,701	
Newton Falls Rail Repair	686,137	386,710	-	-	(299,427)	345,237	-	-	-	-	(345,237)	
Potsdam Commerce Park	24,581	24,903	-	-	322	25,589	7,300	-	-	-	(18,289)	
Potsdam Technology Development Center	-	-	-	-	-	7,636	-	-	-	-	(7,636)	
Canton Industrial Park	549	-	-	-	(549)	5,733	-	-	-	-	(5,733)	
Canton Industrial Building	61,028	24,798	-	-	(36,230)	68,181	20,444	-	-	-	(47,737)	
Total Industrial Development Projects	813,406	495,128	-	-	(318,278)	504,759	93,849	-	-	-	(410,910)	
Support Services												
Administrative Operating Expenses	764,486	-	-	-	(764,486)	765,449	-	3,022	-	-	(762,427)	
Program Expenses - RBEG	25,763	-	25,763	-	-	-	-	-	-	-	-	
Program Expenses - HAB Training	4,962	-	4,962	-	-	-	-	-	-	-	-	
Employee Benefits	139,257	-	-	-	(139,257)	111,765	-	-	-	-	(111,765)	
Depreciation - Unallocated	4,431	-	-	-	(4,431)	3,961	-	-	-	-	(3,961)	
Total Support Services	938,899	-	30,725	-	(908,174)	881,175	-	3,022	-	-	(878,153)	
Total Governmental Activities	\$ 1,752,305	\$ 495,128	\$ 30,725	\$ -	\$ (1,226,452)	\$ 1,385,934	\$ 93,849	\$ 3,022	\$ -	\$ -	\$ (1,289,063)	
General Revenues												
Interest					14,514						20,439	
Miscellaneous Income					839						17,888	
Administration Fees					607,200						607,200	
Revolving Loan Fund					8,547						-	
Project Fees					138,804						80,285	
Loss on Sale of Fixed Assets					(212,472)						451,750	
Total General Revenues					557,432						1,177,562	
Changes in Net Position					(669,020)						(111,501)	
Net Position - Beginning of Year					7,109,591						7,221,092	
Net Position - End of Year					\$ 6,440,571						\$ 7,109,591	

The accompanying notes are an integral part of these financial statements.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
BALANCE SHEETS - GOVERNMENTAL FUNDS
DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 2,140,947	\$ 1,556,270
Cash - Interest Bearing (Special Reserve)	2,000,000	2,000,000
Accounts Receivable	89,859	6,708
Accrued Interest Receivable	937	568
Leases Receivable - Current	19,060	17,998
Mortgages Receivable - Current	19,559	22,490
Prepaid Expenses	90,195	92,416
Leases Receivable - Long Term	44,313	56,721
Mortgages Receivable - Long Term	<u>6,926</u>	<u>26,474</u>
Total Assets	<u><u>4,411,796</u></u>	<u><u>3,779,645</u></u>
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities		
Rental and Refundable Deposits	5,692	5,692
Accrued Expenses - Other	<u>55,761</u>	<u>4,567</u>
Total Liabilities	<u>61,453</u>	<u>10,259</u>
Fund Balances		
Assigned	2,000,000	2,000,000
Unassigned	<u>2,350,343</u>	<u>1,769,386</u>
Total Fund Balances	<u>4,350,343</u>	<u>3,769,386</u>
Total Liabilities and Fund Balances	<u><u>\$ 4,411,796</u></u>	<u><u>\$ 3,779,645</u></u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY GOVERNMENTAL FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>REVENUES</u>		
Operating Project Revenues:		
First Gouverneur Industrial Building	\$ 2,857	\$ 11,317
Third Massena Shell Building	-	40,026
Massena - Lot 17	22,800	6,238
Massena - Lot 20	35,917	48,550
Newton Falls Rail Repair	386,710	-
Potsdam Commerce Park	24,903	7,300
Potsdam Technology Development Center	-	35,445
Canton Industrial Building	24,798	20,444
Interest Income	14,514	20,439
Miscellaneous Income	839	17,888
Revolving Loan Fund	8,547	-
Grant Income - RBEG	25,763	-
Grant Income - HAB Training	4,962	-
Incentive Award - NYSERDA	-	3,022
Administration Fees	607,200	607,200
Project Fees	138,804	80,285
Proceeds from Debt	1,400,000	-
	<hr/>	<hr/>
Total Revenues	2,698,614	898,154
	<hr/>	<hr/>
<u>EXPENDITURES</u>		
Operating Project Expenditures:		
Gouverneur Industrial Park	949	2,616
Massena - Lot 17	8,413	-
Massena - Lot 20	1,194	1,961
Newton Falls Rail Repair	686,137	345,237
Potsdam Commerce Park	2,318	3,326
Canton Industrial Park	549	5,733
Canton Industrial Building	7,039	15,595
Program Expenses - RBEG	25,763	-
Program Expenses - HAB Training	4,962	-
Administrative Operating Expenditures	764,486	765,449
Debt Retirement	66,313	64,202
Net Change Capital Assets - Additions	549,534	203,490
	<hr/>	<hr/>
Total Expenditures	2,117,657	1,407,609
	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	580,957	(509,455)
Fund Balances - Beginning of Year	3,769,386	4,278,841
	<hr/>	<hr/>
Fund Balances - End of Year	\$ 4,350,343	\$ 3,769,386
	<hr/>	<hr/>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2014

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
<u>ASSETS</u>				
Cash	\$ 2,140,947	\$ -	\$ -	\$ 2,140,947
Cash - Interest Bearing (Special Reserve)	2,000,000	-	-	2,000,000
Accounts Receivable	89,859	-	-	89,859
Accrued Interest Receivable	937	-	-	937
Leases Receivable - Current	19,060	-	-	19,060
Mortgages Receivable - Current	19,559	-	-	19,559
Prepaid Expenses	90,195	-	-	90,195
Fixed Assets - Net	-	4,414,145	-	4,414,145
Leases Receivable - Long Term	44,313	-	-	44,313
Mortgages Receivable - Long Term	6,926	-	-	6,926
	<hr/>			
Total Assets	4,411,796	4,414,145	-	8,825,941
	<hr/>			
<u>LIABILITIES</u>				
Rental and Refundable Deposits	5,692		-	5,692
Accrued Expenses - Other	55,761		-	55,761
Compensated Absences	-	205,803	-	205,803
Postemployment Benefits Other Than Pensions	-	458,715	-	458,715
Long Term Debt	-	1,659,399	-	1,659,399
	<hr/>			
Total Liabilities	61,453	2,323,917	-	2,385,370
	<hr/>			
<u>NET POSITION</u>				
Total Net Position	4,350,343	2,090,228	-	6,440,571
	<hr/>			
Total Liabilities and Fund Balance/Net Position	\$ 4,411,796	\$ 4,414,145	\$ -	\$ 8,825,941
	<hr/>			
Total Governmental Fund Balances				\$ 4,350,343
Amounts reported for Governmental Activities in the Statement of Net Position are different because:				
Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the funds.				4,414,145
GASB 45 valuation of postemployment benefits other than pensions are not due and payable in the current period and therefore are not reported in the funds.				(458,715)
GASB 16 valuation of the liability for vacation and sick time earned during the current year				(205,803)
Long-term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore not reported in the funds.				(1,659,399)
				<hr/>
Net Position of Governmental Activities				\$ 6,440,571
				<hr/>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
RECONCILIATION OF GOVERNMENTAL FUNDS REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Total Governmental Funds	Capital Related Items	Long-term Debt Transactions	Statement of Activities Totals
<u>REVENUES</u>				
Operating Project Revenues:				
First Gouverneur Industrial Building	\$ 2,857	\$ (2,857)	\$ -	\$ -
Massena Lot - 17	22,800	-	-	22,800
Massena Lot - 20	35,917	-	-	35,917
Newton Falls Rail Repair	386,710	-	-	386,710
Potsdam Commerce Park	24,903	-	-	24,903
Canton Industrial Building	24,798	-	-	24,798
Interest Income	14,514	-	-	14,514
Miscellaneous Income	839	-	-	839
Revolving Loan Fund	8,547	-	-	8,547
Grant Income - RBEG	25,763	-	-	25,763
Grant Income - HAB Training	4,962	-	-	4,962
Administration Fees	607,200	-	-	607,200
Project Fees	138,804	-	-	138,804
Proceeds from Debt	1,400,000	-	(1,400,000)	-
Loss on Sale of Fixed Assets	-	(212,472)	-	(212,472)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	2,698,614	(215,329)	(1,400,000)	1,083,285
<u>EXPENDITURES</u>				
Operating Project Expenditures:				
Gouverneur Industrial Park	949	-	-	949
First Gouverneur Industrial Building	-	2,467	-	2,467
Massena - Lot 17	8,413	10,200	-	18,613
Massena - Lot 20	1,194	17,888	-	19,082
Newton Falls Rail Repair	686,137	-	-	686,137
Potsdam Commerce Park	2,318	22,263	-	24,581
Canton Industrial Park	549	-	-	549
Canton Industrial Building	7,039	53,989	-	61,028
Program Expenses - RBEG	25,763	-	-	25,763
Program Expenses - HAB Training	4,962	-	-	4,962
Administrative Operating Expenditures	764,486	-	-	764,486
Depreciation - Unallocated	-	4,431	-	4,431
Debt Retirement	66,313	-	(66,313)	-
Net Change in Capital Assets - Additions	549,534	(549,534)	-	-
Compensated Absences	-	-	121,986	121,986
Employee Benefits	-	-	17,271	17,271
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	2,117,657	(438,296)	72,944	1,752,305
Excess (Deficiency) Of Revenues Over Expenditures	<hr/>	<hr/>	<hr/>	<hr/>
	580,957	222,967	(1,472,944)	(669,020)
Net Change For The Year	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 580,957	\$ 222,967	\$(1,472,944)	\$ (669,020)
Net Change in Fund Balances				\$ 580,957
Depreciation Expense recorded in the Statement of Activities, but not in the Governmental Funds				(111,238)
Expenditures for acquisition of capital assets (net) recorded in the Governmental Funds, but not in the Statement of Activities				549,534
Current year rental income recorded in the Governmental Funds, but considered as part of sale price of capital assets and not recorded on Statement of Activities				(2,857)
Loss on sale of capital assets (net) recorded in the Statement of Activities, but not in the Governmental Funds				(212,472)
Proceeds from debt recorded as a revenue source in the Governmental Funds, but not in the Statement of Activities				(1,400,000)
Expenditures for GASB 45 valuation of post employment benefits other than pensions and net change in compensated absences recorded in the Statement of Activities, but not in the Governmental Funds				(139,257)
Repayment of long-term debt and incurrence of new debt as an expenditure/receipt in the Governmental Funds, but not in the Statement of Activities				66,313
Change in Net Position of Governmental Activities				<hr/>
				\$ (669,020)

The accompanying notes are an integral part of these financial statements.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
DECEMBER 31, 2014 AND 2013

	<u>Agency</u>	
	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
Cash	\$ -	\$ -
	<hr/>	<hr/>
Total Assets	<hr/> <hr/>	<hr/> <hr/>
 <u>LIABILITIES</u>		
Other liabilities	<hr/> -	<hr/> -
	<hr/>	<hr/>
Total Liabilities	<hr/> <hr/>	<hr/> <hr/>

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014 AND 2013

	<u>Agency Funds</u>	
	<u>2014</u>	<u>2013</u>
<u>ADDITIONS</u>		
Revenues from Payments in Lieu of Taxes	\$ 5,251	\$ 35,909
	<hr/>	<hr/>
Total Additions	<hr/>	<hr/>
 <u>DEDUCTIONS</u>		
Payments to Governmental Agencies	<hr/> 5,251	<hr/> 35,909
	<hr/>	<hr/>
Total Deductions	<hr/>	<hr/>
Change in Net Position	-	-
Net Position - Beginning of Year	<hr/> -	<hr/> -
	<hr/>	<hr/>
Net Position - End of Year	<hr/> <hr/>	<hr/> <hr/>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the St. Lawrence County Industrial Development Agency (Agency) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Certain significant accounting principles and policies utilized by the Agency are described below.

Reporting Entity:

The reporting entity of the Agency is based upon Criteria set forth by ***GASB Statement 14, The Financial Reporting Entity***. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The accompanying financial statements present the activities of the Agency.

Nature of Organization:

The Agency is an industrial development agency duly established under Title 1, Article 18-A of the General Municipal Law of the State of New York and Chapter 358 of the laws of 1971 of the State of New York, and is a corporate governmental agency constituting a public benefit corporation of the State of New York. The Agency is exempt from federal, state and local income taxes.

Basis of Presentation:

Agency wide statements - the Statement of Net Position and the Statement of Activities - present financial information about the Agency's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Agency's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. All other revenues are classified as general revenues.

Governmental Funds financial statements - the Balance Sheets and Statements of Revenue, Expenditures, and Changes in Fund Balances - provide information about the Agency's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

funds, each displayed in a separate column. The Agency reports the following major governmental funds.

General Fund: Primary operating fund accounting for all financial transactions not required to be in another fund.

Fiduciary Fund: Fiduciary activities where the Agency acts as trustee or agent for resources that belong to others. These activities are not included in the Agency-wide financial statements.

Measurement Focus and Basis of Accounting:

The Agency wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the Agency gives or receives value without directly receiving or giving equal value in exchange, may include grants and donations. On an accrual basis, revenue is recognized in the fiscal year for which the revenue is earned. Revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Agency considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt or claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

Cash and Investments:

The Agency's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the Agency's investment policies. Resources must be deposited in FDIC insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Investments are stated at fair value.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Capital Assets:

Capital assets are reported at actual cost for acquisitions subsequent to 1995. Assets acquired prior to 1995 have been disposed of in prior periods in the ordinary course of business. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the Agency-wide statements are as follows:

	<u>Capitalization</u> <u>Threshold</u>	<u>Depreciation</u> <u>Method</u>	<u>Estimated</u> <u>Useful Life</u>
Buildings	\$ 5,000	Straight Line (SL)	40 yr.
Building improvements	1,000	SL	10 yr.
Automotive equipment	2,500	SL	5 yr.
Furniture and equipment	1,000	SL	7 yr.

Vested Employee Benefits:

Agency employees are granted vacation and sick time in varying amounts based primarily on length of service. There are limits on the amount of time that can be either accrued and/or used during any one fiscal year. Also, in the event of certain terminations, some earned benefits may be forfeited.

Personal time and other forms of leave are specified in the Agency's Employee Handbook. Personal time must be utilized during a 12 month period that begins on the first day of the month the employee was hired. Personal time is non-cumulative from year to year. Any unused time at the end of the employee's anniversary year will be subject to forfeiture. Sick and vacation leave is cumulative from year to year with maximum accruals based on years of service as depicted in the employee handbook. Upon retirement, resignation, or death, employees may receive a payment for accrued vacation and personal time based on the employee's regular rate of pay. Upon retirement, employees may receive a medical insurance credit based on unused sick time accrued at the employee's regular rate of pay as depicted in the employee handbook. Consistent with ***GASB Statement 16, Accounting for Compensated Absences***, an accrual for accumulated sick leave is included in the compensated absences liability at year-end. The compensated absences liability is calculated based on the pay rates in effect at year end.

Eligible Agency employees participate in the New York State and Local Employees Retirement System. In addition to providing pension benefits, the Agency participates in a health insurance program through St. Lawrence County which provides medical insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the Agency's employees may become eligible for these benefits if they reach normal retirement age while working for the Agency. Medical benefits are provided through a plan whose premiums are based on the benefits paid during the year. The Agency recognizes the cost of providing medical insurance by recording its share of insurance premiums as expenditures in the year paid.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Postemployment Benefits Other Than Pensions (OPEB):

In addition to providing the retirement benefits described in the Note above, the Agency provides post-employment health insurance coverage to its retired employees and their survivors. The payment of this benefit is not governed by any employment contract and is done at the discretion of the Agency Board. In 2004, the Governmental Accounting Standards Board (GASB) released *Statement No. 45 (GASB 45)* concerning health and other non-pension benefits for retired public employees. *GASB 45* was issued to provide more complete and reliable financial reporting regarding the costs and financing obligations that governments incur when they provide OPEB as part of employee compensation. In 2010, the Agency implemented *GASB 45*.

Budgetary Procedures and Budgetary Accounting:

The Agency administration prepares a proposed budget of the General Fund for approval by the Board of Directors for which legal (appropriated) budgets are adopted. Appropriations are adopted at the program line item level as established by the adoption of the budget which constitutes a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended. Budgets are adopted annually on a basis consistent with *GAAP*.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Subsequent Events:

Management has reviewed and evaluated all events and transactions from December 31, 2014 through March 6, 2015 for possible disclosure and recognition in the financial statements. Management is not aware of any events occurring during this period that require recognition here.

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND AGENCY-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the Governmental Funds statements and the Agency wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the Governmental Funds.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities:

Total fund balances of the Agency's governmental funds differ from the "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental funds Balance Sheets.

Statement of Revenues, Expenditures, and Changes in Fund Balance vs. Statement of Activities:

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories. The amounts shown below represent:

Long-term Revenue Differences – which arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

Capital Related Differences - include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental funds statements and depreciation expense on those items as recorded in the Statement of Activities.

Long-term Debt Transaction Differences - occur because both interest and principal payments are recorded as expenditures in the governmental funds statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

NOTE 3 – NET POSITION CLASSIFICATION

Agency Wide Statements:

In the Agency wide statements there are two classes of net assets.

Net Investment in Capital Assets - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of those assets. The Agency had \$2,754,746 and \$3,865,466 invested in capital assets, net of related debt as of December 31, 2014 and 2013, respectively.

Unrestricted Net Position - reports all other net assets that do not meet the definition of the above classification and are deemed to be available for general use by the Agency. The Agency had

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

\$3,685,825 and \$3,244,125 in unrestricted net position as of December 31, 2014 and 2013, respectively.

Governmental Funds Statements:

In the governmental funds statements there are five classifications of fund balance.

Non-Spendable – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The Agency had \$-0- and \$-0- in non-spendable fund balance as of December 31, 2014 and 2013, respectively.

Restricted – includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General fund are classified as restricted fund balance. The Agency had \$-0- and \$-0- in restricted fund balance as of December 31, 2014 and 2013, respectively.

Committed – includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the Agency’s highest level of decision making authority i.e., the Board of Directors. The Agency had \$-0- and \$-0- in committed fund balance as of December 31, 2014 and 2013, respectively.

Assigned – includes amounts that are constrained by the Agency’s intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund. The Agency had \$2,000,000 and \$2,000,000 assigned fund balance as of December 31, 2014 and 2013, respectively.

Unassigned – includes all other General Fund net assets that do not meet the definition of the above four classifications and are deemed to be available for general use by the Agency. The Agency had \$2,350,343 and \$1,769,386 in unassigned fund balance as of December 31, 2014 and 2013, respectively.

Order of Use of Fund Balance:

The Agency’s policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the general fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned and cannot cause a negative unassigned fund balance.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 4 – MORTGAGES RECEIVABLE

The Agency has loaned mortgage money to local development organizations and has sold real estate subject to mortgages held by the Agency. The Agency carries its mortgages receivable at cost, recognizing interest income on the accrual basis as specified in the various loan agreements. On a periodic basis, the Agency evaluates its mortgages receivable and will establish write offs as economic conditions warrant. The Board will determine which mortgages are written off based on un-collectability. All mortgages are considered collectible until all legal remedies have been exhausted. Balances at December 31, 2014 and 2013 follow.

<u>Mortgages</u>	<u>Interest</u>		<u>Collateral</u>	<u>Original Amount</u>	<u>Balance</u>	
	<u>Rate</u>	<u>Maturity</u>			<u>2014</u>	<u>2013</u>
Atlantic Testing Laboratories	5.25%	12/01/16	Building	188,478	26,485	45,079
Kinney Drugs	3.00%	03/01/14	Building	136,000	-	3,885
					<u>26,485</u>	<u>48,964</u>
Current Portion					<u>(19,559)</u>	<u>(22,490)</u>
Long-Term Portion					<u>\$ 6,926</u>	<u>\$ 26,474</u>

NOTE 5 – LEASES RECEIVABLE

High Peaks Winery: On April 25, 2012, the Agency adopted Resolution# 12-04-17 authorizing submission of an application to the USDA for a Rural Business Enterprise Grant (RBEG) on behalf of High Peaks Winery. Subsequently, the Agency entered into a lease agreement with High Peaks Winery for equipment purchased with the proceeds of the grant.

Fockler Industries, LLC: On April 13, 2013, the Agency adopted Resolution# IDA-13-04-09, authorizing creation and execution of an installment sales agreement with Fockler Industries, LLC. The Agency purchased a robotic welder and leased it back to the Company for a term of 48 months, with lease payments beginning December 1, 2013.

North Country Grown Cooperative: On June 4, 2013, the Agency adopted Resolution# IDA-13-06-11, authorizing submission of a \$25,900 grant application on behalf of the North Country Grown Cooperative. Pursuant to the terms of the grant, the Agency purchased a refrigerator truck for NCGC and leased it to NCGC. As of December 31, 2014 all purchases to complete the grant requirements had been made.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

The Agency carries leases receivable at cost. Balances at December 31, 2014 and 2013 follow:

<u>Leases</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Collateral</u>	<u>Original Amount</u>	<u>Balance</u>	
					<u>2014</u>	<u>2013</u>
High Peaks Winery	0.000%	08/01/19	Equipment	\$ 5,336	\$ 3,112	\$ 4,192
Fockler Industries, LLC	2.650%	06/01/17	Equipment	92,790	51,714	70,527
North Country Grown	0.000%	03/01/18	Truck	8,547	<u>8,547</u>	<u>-</u>
					63,373	74,719
Less Current Portion					<u>19,060</u>	<u>17,998</u>
Long Term Portion					<u>\$ 44,313</u>	<u>\$ 56,721</u>

All leases are considered collectible until all legal remedies have been exhausted.

NOTE 6 - CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2014 follow:

	<u>Beginning Balance</u>	<u>Additions/ Reclassifications</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Capital assets that are not depreciated:				
Land	166,250	-	-	166,250
Land Improvements	125,603	-	10,500	115,103
Construction in Process	8,400	542,574	-	550,974
Total nondepreciable historical cost	300,253	542,574	10,500	832,327
Capital assets that are depreciated:				
Buildings and Improvements	4,471,269	-	391,770	4,079,499
Automotive Equipment	39,578	-	-	39,578
Office Equipment and Furnishings	27,096	-	-	27,096
Total depreciable historical cost	4,537,943	-	391,770	4,146,173
Less accumulated depreciation	647,018	111,238	193,901	564,355
Total depreciable historical cost, net	3,890,925	(111,238)	197,869	3,581,818
Total capital assets historical cost, net	\$ 4,191,178	\$ 431,336	\$ 208,369	\$ 4,414,145

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Depreciation expense was charged to governmental activities as follows.

Gouverneur Industrial Building	\$	2,467
Massena - Lot 17 Building		10,200
Massena - Lot 20 Building		17,888
Potsdam Commerce Park Building		22,263
Canton Industrial Building		53,989
Total Depreciation Charged to Government Activities		106,807
Total Depreciation Charged to Support Services		4,431
Total Depreciation Expense	\$	111,238

In October 2013, the Agency's lease purchase agreement dated December 1, 2003 with Marimac (Third Massena Shell Building) was completed and the property was removed from the asset list. In June 2013, the Agency's lease purchase agreement dated June 8, 1987 with Canton Potsdam Hospital (Potsdam Technology Development Center) was completed and the property was removed from the asset list.

In March 2014, the Agency's lease purchase agreement (dated May 1, 2004) with Kinney Drugs for the Agency's First Gouverneur Industrial Building was completed and the property was removed from the asset list.

NOTE 7 – PENSION PLANS

Plan Descriptions:

The Agency participates in the New York State and Local Employees Retirement System (ERS). This is a cost sharing multiple public employer retirement system. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems.

The Comptroller shall adopt and may amend rules and regulation for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirements Systems, Gov. Alfred E. Smith State Office Building, 110 State Street, Albany, NY 12244.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Funding Policy:

There are various contributory requirements based on an employee's Tier participation level within the New York State and Local Employees Retirement System. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund. The Agency is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were as follows:

ERS		
2014	\$	81,609
2013	\$	83,571
2012	\$	100,277

The Agency's contributions made to the System were equal to 100 percent of the contributions required for each year. Since 1989, the System's billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 1988 and 1989 (which otherwise were to have been paid on June 30, 1989 and 1990, respectively) over a 17-year period, with an 8.75% interest factor added. Local governments were given the option to prepay this liability. The total unpaid liability as of December 31, 2014 was \$ -0-.

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Annual Other Postemployment Benefit expenses for the year ended December 31, 2014 amounted to \$121,986. At December 31, 2014, the postemployment benefit liability for retired employees amounted to \$458,715. The number of participants as of December 31, 2014 follows.

Active Employees	7
Retired Employees	0
Spouses of Retired Employees	<u>0</u>
Total Participants	7

Funding Policy – the Agency currently pays for post-retirement health care benefits on a pay-as-you-go basis. These financial statements assume that pay-as-you-go funding will continue. Annual Other Postemployment Benefit Cost (OPEB) for the year ended December 31, 2014 amounted to \$121,986.

A summary of the actuarial assumptions and calculated results follows:

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Benefit Obligations and Normal Cost

Actuarial Accrued Liability (AAL)	<u>\$ 797,767</u>
Normal Cost for a Fiscal Year	\$ 78,861
Amortization of Unfunded UAAL	<u>49,914</u>
Annual Required Contribution	<u>\$ 128,775</u>

Annual OPEB and Net OPEB Obligation

Annual Required Contribution	\$ 128,775
Interest on Net OPEB Obligation	13,469
Adjustment to Annual Required Contribution	<u>(20,258)</u>
Annual OPEB Cost (Expense)	\$ 121,986
Contribution Made on Pay-As-You-Go Basis	<u>-</u>
Increase in Net OPEB Obligation	\$ 336,729
Net OPEB Obligation on January 1	<u>121,986</u>
Expected Net OPEB Obligation on December 31	<u>\$ 458,715</u>

Actuarial Methods and Assumptions

Discount Rate	4.0%
Initial Medical Rate	5.0%
Ultimate Medical Rate	4.3%

NOTE 9 – LONG-TERM LIABILITIES

Greater Massena Economic Development Fund (GMEDF): On May 31, 2002, the Agency adopted Resolution# 02-05-35, authorizing the application to the GMEDF for a loan to assist in the financing to expand the Fifth Massena Industrial Building and to also construct the Sixth Massena Industrial Building. The structure of project financing follows:

Empire State Development	\$ 400,000
Senator Raymond Meier Member Item	100,000
GMEDF	600,000
IDA Cash Equity	<u>935,000</u>
Total	<u>\$ 2,035,000</u>

St. Lawrence County Industrial Development Agency Local Development Corporation (Massena Lot 20 Building): In December 2005 the Agency agreed to take possession of the Lot

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

20 building in the Massena Industrial Park. As part of the transaction, the Agency assumed from its previous owner an existing \$217,204 loan against the building made by the SLCIDA-LDC. The Agency subsequently entered into a lease/purchase agreement for the building with another company, but continues to pay off the loan.

St. Lawrence County Industrial Development Agency Local Development Corporation (Canton Industrial Building): On December 4, 2014 the Agency closed a \$1,400,000 loan from the SLCIDA-LDC consisting of \$700,000 from the River Valley Redevelopment Agency loan fund and \$700,000 from the SLCIDA-LDC revolving loan fund to finance some of the construction costs of the Canton Industrial Building. The Agency mortgaged the property to the SLCIDA-LDC as security for the loan. The River Valley Redevelopment Agency portion of the loan has a 7-year repayment with a 20-year amortization with an interest rate of 1%. The remaining portion of the loan has a 30-year amortization with an interest rate of ½ of 1%.

Long-term liabilities as of December 31, 2014 and 2013 consisted of the following:

<u>Holder</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Original Amount</u>	<u>2014</u>	<u>2013</u>
GMEDF	3.375%	12/01/19	600,000	234,681	277,014
SLCIDA-LDC Massena Lot 20	3.000%	12/01/15	217,204	24,718	48,698
SLCIDA-SLRVRA Canton Industrial Building	1.000%	11/01/21	700,000	700,000	-
SLCIDA-LDC Canton Industrial Building	0.500%	11/01/44	700,000	700,000	-
				1,659,399	325,712
Current Portion				(122,023)	(66,313)
Long-Term Debt (Net)				\$ 1,537,376	\$ 259,399

Future maturities of long-term debt are projected as follows:

2015	\$ 122,023
2016	99,255
2017	101,148
2018	103,189
2019	105,523
2020 - 2024	650,085
2025 - 2029	115,082
2030 - 2034	117,994
2035 - 2039	120,981
Thereafter	124,119
	\$ 1,659,399

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 10 - INDUSTRIAL REVENUE BOND ISSUES

At the date of these financial statements, the Agency had participated in fifty such bond issues in the total original issue amount of \$755,610,700. These issues were made at various times between February 1973 and December 31, 2014. These issues are not reflected in the financial statements since they are considered to be special obligations of the Agency having no claim on the general assets or general funds of the Agency.

NOTE 11 - ST. LAWRENCE COUNTY IDA LOCAL DEVELOPMENT CORPORATION

On April 29, 1986, the Agency created a Local Development Corporation known as the St. Lawrence County Industrial Development Agency Local Development Corporation (SLCIDA-LDC). St. Lawrence County assigned all of the loan repayments from certain County Community Development Block Grant (CDBG) Projects to the Agency for the purpose of establishing a county wide revolving loan fund. Upon the formation of the SLCIDA-LDC, the SLCIDA assigned all of its rights in the CDBG assignment to the SLCIDA-LDC for collection and administration.

NOTE 12 – FIRST GOUVERNEUR INDUSTRIAL BUILDING

The Agency passed Resolution# 03-10-24 on October 9, 2003 authorizing the execution of a Lease/Purchase Agreement with Kinney Drugs, Inc. for the Agency's First Gouverneur Industrial Building located on Factory Street in Gouverneur. The terms of the Lease Agreement were fulfilled in March of 2014 and the property has been conveyed to Kinney Drugs, pursuant to the Lease Agreement.

NOTE 13 – MASSENA LOT 17 AND MASSENA LOT 20 BUILDINGS

In 2005, the Agency acquired the Massena Lots 17 and 20 buildings as part of a loan settlement agreement with Michele Audio Corporation of America.

In 2014, after Media Accessories.Com, Inc. defaulted on its lease/purchase agreement for the Agency's Lot 17 building in the Massena Industrial Park, the Agency terminated its contract with the company and resumed full ownership of the property. The Agency assumed on a month-to-month basis the lease that NY Power Tools had in place with Media Accessories.Com, Inc. for some of the space in the building.

NOTE 14 – CANTON INDUSTRIAL PARK

By Resolution# IDA-12-12-49 dated December 11, 2012, the Agency assigned a value of \$166,250 to the land that constitutes the Canton Industrial Park (CIP) which had been donated to the Agency by St. Lawrence County in 2011. In 2012, the Agency applied for and was awarded funds through New York State's Regional Economic Development program to build out the

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

infrastructure of the CIP. In April 2013, the Agency executed an Incentive Proposal issued by Empire State Development (ESD) under which ESD committed to grant up to \$470,000 to the Agency for site preparation, including roads, water, and sewer in the CIP. In late 2013, the Agency began to make such improvements; they were substantially completed in 2014. The Agency will submit for reimbursement of the expenditures incurred in the project. The maximum amount of the award was no more than \$470,000 out of allowed and documented expenditures of \$2,400,000, or 19.6% of allowed and documented expenditures, whichever is less. Through December 31, 2014, including the costs for the Canton Industrial Building, the Agency has accrued expenses totaling \$2,616,448 for the CIP project.

NOTE 15 – ST. LAWRENCE COUNTY IDA CIVIC DEVELOPMENT CORPORATION

On January 7, 2010, a resolution was passed by the Agency that authorized staff to pursue the creation of a local development corporation to assist 501(c)(3) organizations in financing much-needed construction and expansion projects. The expiration of Civic Facilities Bond legislation had severely inhibited the ability of local industrial development agencies to assist 501(c)(3) organizations in financing much-needed construction and expansion projects. On April 13, 2010, the St. Lawrence County Industrial Development Agency Civic Development Corporation (SLCIDA-CDC) was created for this purpose.

NOTE 16 – NEWTON FALLS SECONDARY LINE

On December 23, 1991, the Agency took title to the St. Lawrence County portion of the 46.25 mile Newton Falls Secondary Line (the “Railroad”). In May of 2012, the Agency and the Mohawk Adirondack & Northern (MA&N) executed an operating agreement under which the Agency’s ownership of the Railroad was confirmed and which structured the Agency’s lease of the Railroad to MA&N and set conditions under which MA&N might take future ownership of the Railroad.

On October 25, 2012, the Agency executed an Incentive Proposal issued by Empire State Development (ESD) (originally dated March 7, 2012 and revised on September 7, 2012) under which ESD committed to grant up to \$9.972 million to the Agency to rehabilitate the entire Railroad. The Incentive Proposal split the grant into two phases – Phase 1 amounting up to \$1.3 million to be used for pre-construction costs that would enable the Agency to clear the line, appraise the repairs required, and prepare specifications and bid documents; Phase 2 amounting up to \$8.672 million to be used for the actual rehabilitation work. Beginning after October 25, 2012, the Agency began incurring expenses for pre-construction costs and by December 31, 2014 these costs totaled \$1,031,375 (See page 35 Schedule entitled Newton Falls Rail Repair) of which \$345,237 and \$686,137 were incurred in 2013 and 2014 respectively. On February 7, 2014, the Urban Development Corporation, acting on behalf of ESD, sent the Agency an executed Grant Disbursement Agreement which structured the Phase 1 grant process and authorized the Agency to request reimbursement for pre-construction expenses dating back to October 25, 2012. Reimbursements received pursuant to the Grant Disbursement Agreement were \$386,710 and \$-0- as of December 31, 2014 and 2013 respectively.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 17 – LITIGATION

There are several miscellaneous public improvement liens on projects which the Agency “owns.” However, no actions have been commenced to foreclose these liens. Should actions be commenced, counsel advises that the Agency will take appropriate measures.

NOTE 18 – RECOGNITION OF CERTAIN GRANT REVENUE AND EXPENDITURES

Occasionally the Agency (as “grantee”) applies for and receives grants from government agencies and other organizations. These grants are usually “reimbursement grants”, i.e., the monies from the grants are only paid to the grantee as reimbursements after the grantee has documented to the grantor that the grantee has achieved defined benchmarks, paid out required funds, and otherwise complied with all other required grant conditions. Projects in which such grants are involved often span several fiscal years and long delays in the reimbursement process are frequent. Consequently, in cases involving reimbursement grants, the Agency does not accrue expected grant revenue or receivables until it has complied with the conditions of the grant agreement(s) and submitted the necessary documentation that will trigger the payment process. Until such documentation has been submitted, and accepted, the grantor still has substantial discretion to deny or reduce payment. Accordingly, at year end the Agency does not accrue any revenues/expenses or receivables/payables associated with items to be paid out for future grant reimbursement unless the Agency is satisfied that it has complied with all grant reimbursement eligibility requirements. These items are usually paid out in the subsequent period and will be recorded as project expenses. Reimbursement grants active as of December 31, 2014 consisted of the following.

Reimbursement Grants with Agency As a “Grantee”	<u>Awarded Revenue</u>	<u>Deferred Expenses</u>	<u>Deferred Revenues</u>
Empire State Development (ESD) –			
Newton Falls Secondary Line – Phase 1	\$ 1,300,000	-	\$ 644,665
Newton Falls Secondary Line – Phase 2	8,672,000	-	-
Canton Industrial Park	<u>470,000</u>	<u>-</u>	<u>-</u>
 Total Awards	 <u>\$ 10,442,000</u>	 <u>\$ -</u>	 <u>\$ -</u>

From time to time, the Agency will act as a “grantor” in a “pass through” capacity only where it applies for grants on the behalf of other entities and then in turn acts as the official “grantor”. Since these grants are also reimbursement grants, the Agency has adopted the same policy as stated above when acting as a “pass through grantor”. As of December 31, 2014 there were no active grants of this nature.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
GOUVERNEUR INDUSTRIAL PARK
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>OPERATING REVENUES:</u>		
Rental Income	\$ -	\$ -
Total Operating Revenues	<u>-</u>	<u>-</u>
<u>OPERATING EXPENSES:</u>		
Insurance	29	66
Repairs and Maintenance	920	2,550
Total Operating Expenses	<u>949</u>	<u>2,616</u>
<u>NON-OPERATING EXPENSES:</u>		
Depreciation	<u>-</u>	<u>-</u>
Total Non-Operating Expenses	<u>-</u>	<u>-</u>
Total Expenses	<u>949</u>	<u>2,616</u>
Excess of Revenues Over Expenses	<u>\$ (949)</u>	<u>\$ (2,616)</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
FIRST GOUVERNEUR INDUSTRIAL BUILDING
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>OPERATING REVENUES:</u>		
Lease Income	\$ -	\$ 11,317
	<hr/>	<hr/>
Total Operating Revenues	-	11,317
	<hr/>	<hr/>
<u>OPERATING EXPENSES:</u>		
Insurance	-	-
Repairs and Maintenance	-	-
Miscellaneous	-	-
	<hr/>	<hr/>
Total Operating Expenses	-	-
	<hr/>	<hr/>
<u>NON-OPERATING EXPENSES:</u>		
Depreciation	2,467	9,869
	<hr/>	<hr/>
Total Non-Operating Expenses	2,467	9,869
	<hr/>	<hr/>
Total Expenses	2,467	9,869
	<hr/>	<hr/>
Excess of Revenues Over Expenses	<u>\$ (2,467)</u>	<u>\$ 1,448</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
THIRD MASSENA SHELL BUILDING
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>OPERATING REVENUES:</u>		
Lease Income	\$ -	\$ -
	<hr/>	<hr/>
Total Operating Revenues	-	-
	<hr/>	<hr/>
<u>OPERATING EXPENSES:</u>		
Insurance	-	-
	<hr/>	<hr/>
Total Operating Expenses	-	-
	<hr/>	<hr/>
<u>NON-OPERATING EXPENSES:</u>		
Depreciation	-	9,849
	<hr/>	<hr/>
Total Non-Operating Expenses	-	9,849
	<hr/>	<hr/>
Total Expenses	-	9,849
	<hr/>	<hr/>
Excess of Revenues Over Expenses	<u>\$ -</u>	<u>\$ (9,849)</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
MASSENA - LOT 17
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>OPERATING REVENUES:</u>		
Lease Income	<u>\$ 22,800</u>	<u>\$ 6,238</u>
Total Operating Revenues	<u>22,800</u>	<u>6,238</u>
<u>OPERATING EXPENSES:</u>		
Insurance	4,145	-
Repairs and Maintenance	789	-
Utilities	<u>3,479</u>	<u>-</u>
Total Operating Expenses	<u>8,413</u>	<u>-</u>
<u>NON-OPERATING EXPENSES:</u>		
Depreciation	<u>10,200</u>	<u>10,200</u>
Total Non-Operating Expenses	<u>10,200</u>	<u>10,200</u>
Total Expenses	<u>18,613</u>	<u>10,200</u>
Excess of Revenues Over Expenses	<u>\$ 4,187</u>	<u>\$ (3,962)</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
MASSENA - LOT 20
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>OPERATING REVENUES:</u>		
Rental Income	<u>\$ 35,917</u>	<u>\$ 48,550</u>
Total Operating Revenues	<u>35,917</u>	<u>48,550</u>
<u>OPERATING EXPENSES:</u>		
Interest	<u>1,194</u>	<u>1,961</u>
Total Operating Expenses	<u>1,194</u>	<u>1,961</u>
<u>NON-OPERATING EXPENSES:</u>		
Depreciation	<u>17,888</u>	<u>17,888</u>
Total Non-Operating Expenses	<u>17,888</u>	<u>17,888</u>
Total Expenses	<u>19,082</u>	<u>19,849</u>
Excess of Revenues Over Expenses	<u>\$ 16,835</u>	<u>\$ 28,701</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
NEWTON FALLS RAIL REPAIR
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>OPERATING REVENUES:</u>		
Income	<u>\$ 386,710</u>	<u>\$ -</u>
Total Operating Revenues	<u>386,710</u>	<u>-</u>
<u>OPERATING EXPENSES:</u>		
Rehabilitation Project	<u>686,137</u>	<u>345,237</u>
Total Operating Expenses	<u>686,137</u>	<u>345,237</u>
Excess of Revenues Over Expenses	<u>\$(299,427)</u>	<u>\$(345,237)</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
POTSDAM COMMERCE PARK
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>OPERATING REVENUES:</u>		
Rental Income	<u>\$ 24,903</u>	<u>\$ 7,300</u>
Total Operating Revenues	<u>24,903</u>	<u>7,300</u>
<u>OPERATING EXPENSES:</u>		
Insurance	1,102	3,116
Miscellaneous	-	10
Maintenance	<u>1,216</u>	<u>200</u>
Total Operating Expenses	<u>2,318</u>	<u>3,326</u>
<u>NON-OPERATING EXPENSES:</u>		
Depreciation	<u>22,263</u>	<u>22,263</u>
Total Non-Operating Expenses	<u>22,263</u>	<u>22,263</u>
Total Expenses	<u>24,581</u>	<u>25,589</u>
Excess of Revenues Over Expenses	<u>\$ 322</u>	<u>\$ (18,289)</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
POTSDAM TECHNOLOGY DEVELOPMENT CENTER
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>OPERATING REVENUES:</u>		
Rental Income	<u>\$ -</u>	<u>\$ -</u>
Total Operating Revenues	<u>-</u>	<u>-</u>
<u>OPERATING EXPENSES:</u>		
Insurance	<u>-</u>	<u>-</u>
Maintenance	<u>-</u>	<u>-</u>
Total Operating Expenses	<u>-</u>	<u>-</u>
<u>NON-OPERATING EXPENSES:</u>		
Depreciation	<u>-</u>	<u>7,636</u>
Total Non-Operating Expenses	<u>-</u>	<u>7,636</u>
Total Expenses	<u>-</u>	<u>7,636</u>
Excess of Revenues Over Expenses	<u>\$ -</u>	<u>\$ (7,636)</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
CANTON INDUSTRIAL PARK
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>OPERATING REVENUES:</u>		
Rental Income	<u>\$ -</u>	<u>\$ -</u>
Total Operating Revenues	<u>-</u>	<u>-</u>
<u>OPERATING EXPENSES:</u>		
Insurance	549	1,261
Engineering Expenses	<u>-</u>	<u>4,472</u>
Total Operating Expenses	<u>549</u>	<u>5,733</u>
<u>NON-OPERATING EXPENSES:</u>		
Depreciation	<u>-</u>	<u>-</u>
Total Non-Operating Expenses	<u>-</u>	<u>-</u>
Total Expenses	<u>549</u>	<u>5,733</u>
Excess of Revenues Over Expenses	<u>\$ (549)</u>	<u>\$ (5,733)</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
CANTON INDUSTRIAL BUILDING
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>OPERATING REVENUES:</u>		
Rental Income	<u>\$ 24,798</u>	<u>\$ 20,444</u>
Total Operating Revenues	<u>24,798</u>	<u>20,444</u>
<u>OPERATING EXPENSES:</u>		
Insurance	1,867	6,422
Interest	777	-
Utilities	1,811	3,760
Maintenance	<u>2,584</u>	<u>5,413</u>
Total Operating Expenses	<u>7,039</u>	<u>15,595</u>
<u>NON-OPERATING EXPENSES:</u>		
Depreciation	<u>53,989</u>	<u>52,586</u>
Total Non-Operating Expenses	<u>53,989</u>	<u>52,586</u>
Total Expenses	<u>61,028</u>	<u>68,181</u>
Excess of Revenues Over Expenses	<u><u>\$ (36,230)</u></u>	<u><u>\$ (47,737)</u></u>

ST LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF OPERATING EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>OPERATING EXPENSES:</u>		
Accounting/Audit	\$ 5,850	\$ 5,850
Data Processing Services	4,195	5,165
Educational Workshops	1,931	2,655
Employee Benefits	172,655	184,422
Equipment Repair	-	930
Grant Expenses - HAB Training	4,962	-
Insurance	7,102	8,235
Interest Expense	8,461	10,870
Legal Fees	12,889	24,320
Meetings	514	1,046
Miscellaneous	214	441
Office Supplies and Postage	9,295	23,288
Other Travel	14,753	7,224
Payroll Fees	3,077	2,658
Payroll Taxes	30,278	29,503
Printing and Copying	885	1,220
Professional Associations	1,945	750
Promotion and Marketing	43,525	28,727
Rent and Maintenance	3,139	2,213
Salaries and Wages	426,105	411,972
Subscriptions & Periodicals	455	-
Telephone	6,484	6,096
Utilities	5,433	3,162
Vehicle Repairs and Maintenance	5,301	4,702
	<u>5,301</u>	<u>4,702</u>
 Total Operating Expenses	 <u>\$769,448</u>	 <u>\$765,449</u>



Pinto·Mucenski·Hooper
Van House & Co.
Certified Public Accountants, P.C.

301 Ford Street
P.O. Box 327
Ogdensburg, NY 13669
(315) 393-7502
Fax: (315) 393-9231
www.pmhvcpa.com

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
St. Lawrence County Industrial Development Agency

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities of the St. Lawrence County Industrial Development Agency (Agency) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 6, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we

consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

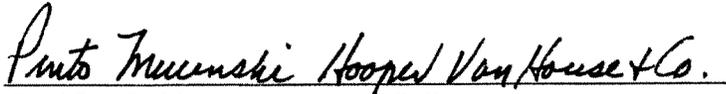
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,

 Piotr Mucenski Hooper Van House & Co.

Certified Public Accountants, P.C.

Ogdensburg, New York

March 6, 2015



Pinto·Mucenski·Hooper
Van House & Co.
Certified Public Accountants, P.C.

301 Ford Street
P.O. Box 327
Ogdensburg, NY 13669
(315) 393-7502
Fax: (315) 393-9231
www.pmhvcpa.com

March 6, 2015

To the Board of Directors
St. Lawrence County Industrial Development Agency

We have audited the financial statements of the governmental activities of the St. Lawrence County Industrial Development Agency (Agency) for the year ended December 31, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 9, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive accounting estimates affecting the Agency's financial statements follow.

Valuation of Accounts, Mortgages, and Leases Receivables

Management's estimate of the valuation of receivables is based on a review of historical collection rates, contractual agreements, and an analysis of the collectability of individual receivables owed to the Agency. We evaluated the key factors and assumptions used to develop the valuation of receivables and determined that they are reasonable in relation to the financial statements taken as a whole.

Useful Lives Used in Providing Depreciation Expense

Management's estimate of the useful lives of assets used in providing depreciation expense is based on the requirements of generally accepted accounting principles. We evaluated the key

factors and assumptions used by management and determined that depreciation expense was reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Agency's financial statements follow.

Post-Employment (Health Insurance) Benefits Other Than Pension – GASB #45

The disclosure of post-employment benefits other than pensions found in Note #8 to the financial statements of the Agency describes the required implementation and recording of the liability.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, most of the misstatements detected as a result of audit procedures and corrected by management were immaterial, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For the purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 6, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing

standards, with management each year prior to retention as the Agency's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis on pages 3 – 6, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplemental schedules on pages 29 – 39, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Directors, audit committee, and management of the St. Lawrence County Industrial Development Agency and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,


Piotr Mucinski Hooper Van House & Co.
Certified Public Accountants, P.C.
Ogdensburg, New York